



Utah Department Of Commerce

2001 Annual Report

This report is presented as required by law to provide highlights of the activities and accomplishments of the Department of Commerce during the period between July 1, 2000, through June 30, 2001. The report presents a brief overview of the business conducted by the employees of the Department of Commerce as they have striven to serve the needs of the citizens of Utah.

The Department of Commerce is comprised of approximately 220 dedicated, hard working, and talented employees, assisted by several hundred citizens who serve on boards, commissions and advisory committees. The Department affects the lives of literally hundreds of thousands of Utahns as they go about their daily business and engaged in their professions and occupations.

The Department of Commerce is an administrative agency charged with administering laws passed by the Legislature and signed by the Governor. The Department of Commerce is divided into six agencies and the Committee of Consumer Services. The agencies, referred to as Divisions, include the Division of Consumer Protection, the Division of Real Estate, the Division of Corporations, the Division of Securities, the Division of Occupational and Professional Licensing and the Division of Public Utilities.

The Department of Commerce is charged with facilitating commerce and the protection of consumers, education, and the enforcement of fair commercial standards.

We are proud of the Department of Commerce and the people who work here. We very much appreciate the support we enjoy from Michael O. Leavitt and his staff and the Legislature of the State of Utah.

Sincerely,

**Ted Boyer
Executive Director**

Department of Commerce
Expenditures FY 2001

Administration	\$1,570,138
Committee of Consumer Services	574,899
Consumer Protection	685,681
Corporations	1,762,822
Occupational and Professional Licensing	5,198,626
Public Utilities	2,662,119
Real Estate	945,272
Securities	1,068,652
Subtotal	\$14,468,209
Committee of Consumer Services P & T	354,021
Real Estate Education Fund	136,129
Public Utilities P & T	2,047
Total	\$14, 960,406

Committee of Consumer Services

Most residents and small businesses in Utah acquire their heat, power and telephone service through the monopoly utilities regulated by the Utah Public Service Commission (PSC). The Committee of Consumer Services works on behalf of these consumers to ensure that the service provided is safe and reliable, and rates charged are fair and reasonable.

During the 2000 - 2001 fiscal year the Committee participated in numerous cases before the Commission. Several of these cases had serious impact on rates, quality of service and the availability of power for Utah customers. A chain of events this year immersed Utah and surrounding states in an energy crisis that directed our attention to energy conservation and more creative ways for Questar Gas Company to purchase natural gas. Rates were also examined in electric and natural gas cases to ensure that Utah customers continue to pay fair rates and that their interests are protected. The Committee also supported an Irrigator power program that promoted energy conservation while ensuring an equitable compensation to farmers. In addition, during this fiscal year the Committee participated in price cap regulation, which will result in a decrease in telephone bills for most Utah customers served by Qwest Communications.

Electricity

The Committee worked to protect Utah customers during the PacifiCorp rate case in which the Company originally requested that rates be increased by \$142 million. The Committee's initial analysis suggested that rates should be reduced by \$38.5 million. Extensive negotiations between the Committee, Division of Public Utilities and the PacifiCorp on numerous accounting issues narrowed the range to between an increase of \$118 million and a reduction of \$10 million. A significant portion of the increase sought by PacifiCorp was due to rising prices in the wholesale market where the Company buys electricity to supplement its own

Natural Gas

Natural gas was another casualty in this year's challenged energy market. Prices for natural gas skyrocketed alongside wholesale power; increasing by as much as 100 in several states. One of the more fortunate states due to a local gas supply, Utah saw an increase of nearly 42 percent over the previous year. Questar asked the Public Service Commission to approve a total of \$230 million in "pass-through" increases for Utah customers. The largest such request in company history. Spot market prices eventually went from \$2 per decatherm to \$10. In response to this unprecedented increase passed on to Utah ratepayers served by Questar, the Committee examined other way for Questar to purchase natural gas that would insulate Utah customers. Such an examination resulted in a stipulation adopted by the PSC endorsing the use of hedging of financial instruments, in a portion of the natural gas Questar must purchase on the open market.

supply. The Committee's expert witnesses testified that its power purchases has cost PacifiCorp \$129 million less than they were asking for. The PSC approved a \$40.5 million dollar rate increase, \$100 million less than the amount sought by PacifiCorp, after hearing testimony from the Committee and other parties.

Efforts to restructure electricity continued to be a highly controversial issue around the United States. In California, the attempt resulted in an energy crisis that rippled throughout the West. Wholesale power costs that stayed at record levels through the winter prompted federal intervention and created discord between federal and state officials.

Like other states that purchase wholesale power in the Western market; Utah did not go unscathed. In response to the energy crisis, which involved both unprecedented prices and supply shortages, the Committee of Consumer Services supported the 20/20 conservation program proposed by PacifiCorp with some recommended changes. The Committee also recommended that PacifiCorp increase the number of customers that would benefit by expanding the program to include a 10/10 level, which the Public Service Commission adopted in its Order. The program offers incentives to customers who conserve a minimum of 10 percent over comparable months last summer to receive either a 10 percent or 20 percent reduction on their bills according to how much they reduce their usage. The purpose of the program was to motivate customers to cut back so that PacifiCorp did not have to buy as much wholesale electricity to supplement supplies during peak usage periods; during which power prices are at their highest. In the month to June alone, over 102,000 customers qualified for a credit while saving nearly 26 million kilowatts or 26,000 megawatts; enough to power 13 million homes.

Also in response to the energy crisis, the Committee of Consumer Services worked to improve the Irrigator Program, which PacifiCorp offered to farmers not to irrigate their crops. PacifiCorp offered irrigators 12.5 cents for every kilowatt saved by turning off their pumps to reduce energy usage. The Committee, however, recommended 18.7 cents per kilowatt saved to

This strategy is designed to alleviate price spikes like those that occurred this last winter. The goal is to avoid large price swings and keep gas prices lower for Utah ratepayers.

The winterization program supported by the Committee and adopted by the Commission began its first year by helping 563 Utah low-income residents in having safer, warmer, and more energy efficient homes. The additional \$250,000 allows the program to reach more households and provide more extensive improvements.

The Committee also examined Questar's purchase of Utah Gas, the other natural gas provider in the state, to ensure that the increased number of customers coming into the system did not harm Questar customers.

make the savings more meaningful to irrigators and to put them in line with what farmers were receiving in nearby states. The PSC ordered PacifiCorp to increase the payment to 15 cents per kilowatt saved. Clearly, the efforts of the Committee had a material impact on increasing the payment.

The Committee also had a hand in the energy exchange programs involving Kennecott Utah Copper, Magnesium Corporation of America and Geneva Steel, which were offered financial rewards in exchange for power saved by shutting down some operations. The Committee evaluated proposals to ensure that residential and small business customers were not harmed by the energy agreements.

Committee staff participated in a task force created by the Public Service Commission to evaluate Demand-Side Management programs. This is an issue in the current rate case and will continue to be examined as a mechanism to reduce energy usage. The Home Electric Lifeline Program (HELP) supported by the Committee and adopted by the PSC in the 1999 rate case was put into place in September 2000. This program helped as many as 17,000 low-income PacifiCorp ratepayers in Utah pay their monthly bills. The Committee continues to work with other parties to oversee the program; ensuring that it is reaching the most needy Utahans in the most cost efficient manner.

The Committee of Consumer Services continues to examine PacifiCorp's intention to restructure its organization into individual state electric companies- a generation company and a service company. This issue will come under greater scrutiny as the Committee and other parties analyze whether such a restructuring is in the best interests of Utah ratepayers.

Tele- **communications**

The Committee of Consumer Services participated in price cap regulation proceedings to determine how much Qwest will be allowed to charge for future services. The Public Service Commission adopted the formula developed by the Division of Public Utilities, the Committee and other parties; resulting in a four percent reduction in the price cap for telephone rates. The new price cap will mean reduced bills for most customers.

Qwest sold several of its Central Offices throughout Utah to local independent companies. The Committee examined each sale to ensure that the public interest was protected and that Utah customers were not harmed.

Division of Consumer Protection

In the course of a busy day, you may write a check at the grocery store, charge tickets to a ball game, rent a car, mail your tax returns, call home on your cell phone, order new checks or apply for a credit card. Chances are you don't give these everyday transactions a second thought. But someone else may.

The 1990s spawned a new variety of crooks called identity thieves. Their stock in trade is your everyday transactions. Each transaction requires you to share your personal information: your bank and credit card account numbers; your income; your social security number (SSN); and your name, address and phone numbers. An identity thief takes some piece of your personal information and appropriates it without your knowledge to commit fraud or theft. An all-too-common example is when an identity thief uses your personal information to open a credit card account in your name.

Can you completely prevent identity theft from occurring? Probably not, especially if someone is determined to commit the crime. But you can minimize your risk by managing your personal information wisely, cautiously and with heightened sensitivity.

During the 2000 Legislative session, lawmakers put in place an Identity Fraud statute to combat this serious crime and assist victims. Since May 2000, the Division of Consumer Protection has investigated over 175 complaints and has been successful in charging 10 individuals with felony or misdemeanor crimes. Two cases are pending formal charges.

Everyday Utahns are making purchases and entering into binding contracts, buying business opportunities, and giving their hard-earned money to someone else. And, everyday many Utahns fall victim to consumer fraud. The Division of Consumer Protection is where consumers can turn to for help regarding a wide variety of consumer issues. The Division responds to consumer complaints, prevents and corrects unfair and deceptive business practices, and provides education and relief for consumers. The Division enforces 13 specific consumer protection laws ranging from the automobile "lemon law" to regulations governing telemarketers, charities, sweepstakes and credit repair organizations. It also oversees Utah's Consumer Sales Practices Act, which is the umbrella regulation prohibiting misrepresentation between business and consumers.

The Division is dedicated to providing a helpful regulatory environment for businesses that is firm, reasonable, fair and supportive of Governor Leavitt's objective of quality customer service and quality of life for all citizens.

Consumer Protection statutes can be found on our website at www.commerce.utah.gov/dcp. They are called:

- **Business Opportunity Disclosure Act**
- **Charitable Solicitations Act**
- **Consumer Sales Practices Act**
- **Credit Services Organizations Act**
- **Health Spa Services Protection Act**
- **Identity Fraud Act**
- **Music Licensing Practices Act**
- **New Motor Vehicle Warranties Act (Lemon Law)**
- **Personal Introduction Services Act**
- **Prize Notices Regulation Act**
- **Telephone and Facsimile Solicitation Act**
- **Telephone Fraud Prevention Act**
- **Unfair Practices Act**

The Division received more than 100 telephone inquiries each day and processed more than 2600 complaints from the public this year. Of them, over 1900 were assigned and investigated, 195 were closed through administrative actions and 21 were closed criminally.

Division Staff processed over 2900 applications for charities, professional fundraisers, credit service organizations, personal introduction services, telemarketers, health spas and business opportunities. The Division provides general information to consumers over the telephone. However, all complaints regarding specific companies or products are required to be submitted in writing to the Division by mail, fax or e-mail.

Telephone: 530-6601
Mail: P.O. Box 146704
Salt Lake City, Utah
84114-6704
FAX: 530-6001
E-Mail:
dcpemail@br.state.ut.us

TOP TEN UTAH SCAMS

1. **Internet auctions/offers**
2. **Identity theft**
3. **Telemarketing offers/Canadian promotions**
4. **Business opportunities**
5. **Mail order/advertising**
6. **Cellular phone problems**
7. **Auto repair & used car sales**
8. **Charitable solicitations**
9. **"Do not call" complaints/unsolicited faxes**
10. **Unauthorized billings/medical/dental billing fraud**

New Motor Vehicle Warranties Act (Lemon Law)

Consumers who buy or lease a new vehicle or motor home with significant defects that cannot be repaired can obtain relief under the New Motor Vehicle Warranties Act. During FY 2001, the Division received 9 complaints regarding the "Lemon Law" and in one instance, assisted in getting restitution in the form of a trade-in for a \$50,000 vehicle. Four cases are pending.

Enforcement

Division employees investigated numerous complaints and took action in many cases including the following:

Case One -

The Division assisted in filing criminal charges in Third District Court against a Holladay bridal shop owner for allegedly delivering used and dirty wedding dresses to three Utah brides to be. The woman was charged with and pled guilty to one 3rd degree felony count and two Class A misdemeanor counts of communications fraud. She will be ordered to pay approximately \$11,000 in victim restitution to 33 victims.

Case Two -

A Utah man was convicted of one 2nd degree felony communications fraud charge. He currently has a warrant out for his arrest. He defrauded approximately 100 Utah businesses by taking money for advertising in a labor directory, which was never published. Total victim loss is \$35,000.

Case Three -

A Utah woman pled guilty in 4th District Court to one 3rd degree felony Theft by Deception and has been ordered to pay \$20,000 in victim restitution. She took money from consumers for hardwood floors and never delivered the product.

Business Opportunities	
Approved	56
Exempt	788
Charities	1330
Credit Services	
Organizations	16
Health Spas	
Approved	90
Exempt	20
Personal	
Introduction	3
Professional Fund	
Raisers	119
Telemarketing	23

Communication & Education

The Division delivered its message of fraud prevention to citizens across the state. Division employees traveled throughout Utah giving presentations to civic and community organizations, senior citizens, school and church groups. The best way to prevent consumers from losing their hard-earned money to scam artists is to educate them about problems they may encounter and how to avoid them.

The Telephone Consumer Protection Act passed by the United States Congress in 1991 restricts telemarketers from calling residential numbers unless “the telemarketer has instituted written policies and procedures for maintaining a “do not call” list for subscribers who request not to receive further solicitations”. In response to numerous complaints it received, the Division produced a new public service announcement to inform consumers about how to be put on a telemarketing “Do Not Call” list.

IDENTITY FRAUD CONSUMER TIP

- Do not give out personal information on the telephone, through the mail or over the Internet unless you have initiated the contact or know who you’re dealing with.
- Tear up receipts, old bank statements, and unused credit card offers.
- Pay attention to billing cycles; call creditors if statements are lost; and review accounts carefully for fraud.
- Order copies of your credit report periodically to ensure accuracy.
- Protect your Personal Identification Number (PIN) used for banking services.
- Don’t mail bills from your mailbox and be sure to empty your mailbox promptly.
- Keep infrequently used credit cards and your supply of checks in a safe place.
- Report suspected fraud immediately.

Division of Corporations and Commercial Code

The Division of Corporations and Commercial Code has had a tumultuous year. Technological changes caused a reworking in the way we do business and a serious backlog of filings. The staff worked diligently to overcome the difficulties and ended the year with the backlog caught up.

On the technological front, the Division was able to put the Notary list online and make it available to the county clerks' offices throughout the State that use such information. A notary can be searched by name, location, language skills and availability. The public can go to the county clerk's office and get the information free of charge.

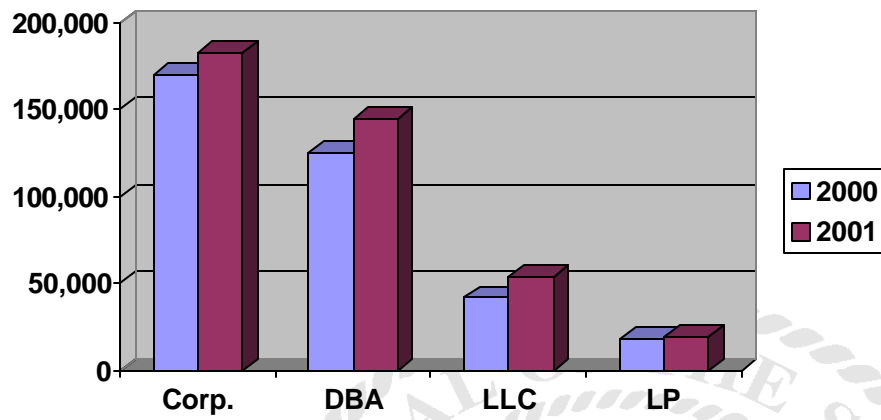
Also, the Division is working to bring online the new Uniform Commercial Code. Filings and searches will be available 24 hours a day, seven days a week. The business community will also be able to renew their business entities online before the end of the year.

This past year also saw the implementation of the New Revised Non-Profit Corporation Act. This act was passed in the 2000 General Legislative Session and was a complete re-write of the old law. Because non-profit corporations run the gamut from huge multi-million dollar corporations to small neighborhood garden funds, rewriting the law was very complex. Some of the most important changes in filing show a closer resemblance to the Business Corporation Act. Many of the provisions were taken directly from that Act. It is important that those wanting to incorporate as a Non-Profit Corporation check the new statute at UCA § 16-6a-101 et al. The Division reviewed the new law and has revised all the forms and information sheets to comply with the new statute. This information can be found on the web site at www.commerce.utah.gov/cor.

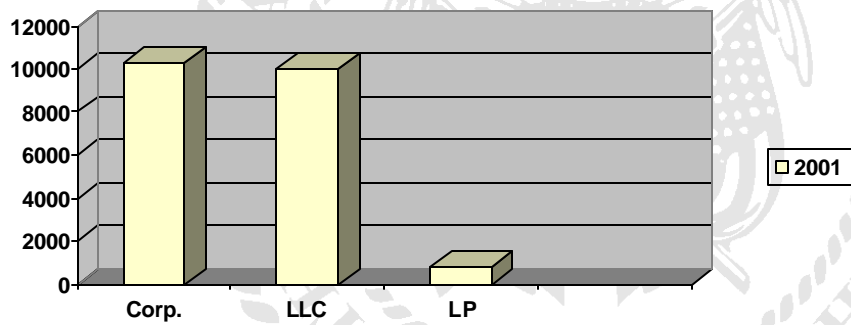
With the change in the phone center, the Division resumed "live body" telephone reception. Anyone dialing the Division information line 801-530-4849 will immediately have the opportunity to speak with a customer service representative or go to the automated system. The choice is there for the customer. Customer service is of primary importance to the employees of the Division.

Two more very important laws were passed in the 2000 and 2001 General Sessions: The Limited Liability Company Act UCA § 48-2c-101 and the final update of the Revised Article 9 or Uniform Commercial Code UCA § 70A-9a-501. Both these laws will be effective July 1, 2001 and will dramatically affect filings in the State of Utah. The Division is poised and ready to implement as many functionalities as will benefit the business community of Utah.

Total Business Filings



New Business Filings - 2001



Division of Occupational and Professional Licensing

Redesigned Website Launched

After extensive research and testing, the Division's completely redesigned website was launched in June 2001. The new site features such enhancements as improved licensee lookup and verification, the ability to create official verification of licensure documents, improved capabilities for printing laws and rules, and ability to submit complaints and changes of address via email.

Nurse Licensure Compact Continues to Progress

What started in Utah four years ago has continued to grow. The Nurse Licensure Compact has now grown to include 15 compact states including two western states – Arizona and Idaho. Additionally, three other states have introduced legislation before their respective state legislatures seeking approval to join the Compact.

In March 1998, Utah was the first state in the nation to adopt into law the concept of mutual recognition of nursing licenses, as proposed by the National Council of State Boards of Nursing. The Compact became effective in Utah in January 2000.

Negotiations in Process to Speed Application Process

The Division has begun negotiations with the Utah Department of Public Safety for use of the Utah Computerized Criminal History File (UCCH) and has agreed upon language to be amended during the 2002 Legislative Session that will enable the Division to access this computer file. Access to the file will speed the application process and reduce licensure costs to applicants.

The duty of the Division of Occupational and Professional Licensing is to safeguard the public health, safety and welfare through the licensing and regulation of individuals who are engaged in certain professions or occupations.

The Division licenses or registers more than 130,000 individuals in more than 100 occupational and professional classifications ranging from acupuncturists to veterinarians.

The functions of the Division can be categorized into four main areas:

1. Licensure

A. Establish standards and qualifications for licensure in each profession or occupation.

B. Establish and maintain a system through which an individual may qualify and apply for licensure.

C. Ensure that licensees comply with the requirements of their occupations and professions.

2001 LEGISLATIVE HIGHLIGHTS

H.B. 65 Division of Occupational and Professional Licensure Amendments

Adds conduct that results in a plea of nolo contendere, which is held in abeyance pending successful completion of probation to the global definition of unprofessional conduct.

H.B. 73 Mental Health Therapist Licensing Act Amendments

Licenses rather than exempts from licensure mental health professionals who are engaging in an internship or residency program. Establishes requirements for licensure and supervision requirements. Limits scope of practice and establishes a limit on the duration of an intern license. Adds related unprofessional and unlawful conduct definitions.

H.B. 105 Licensure of Estheticians and Nail Technicians

Adds licensure of estheticians and nail technicians to the Cosmetologist/Barber Licensing Act. Renames and amends the Cosmetology/Barbering Licensing Board. Establishes qualifications for new classifications of licensure with grandfather provisions. Establishes exemptions from new classifications of licensure. Defines additional categories of unprofessional and unlawful conduct. Provides for citation authority and creates an education and enforcement fund.

H.B. 228 Utah Construction Trades Licensing Act Amendments

Corrects 2000 legislation by reinstating the Class A misdemeanor penalty for unlawful conduct.

H.B. 325 Owner Builder Selling Home

Amends the owner builder exemption from licensure requirements to allow sole owners of property to build no more than one residential structure per year and no more than three residential structures per five years on their own property for their own noncommercial, nonpublic use.

2. Enforcement of Professional Standards

A. Investigates allegations of unlawful, unethical or unprofessional conduct by licensees.

B. If allegations are verified, initiates administrative action against the respective license.

C. The Division can also initiate administrative or criminal action against a licensee who is engaged in the practice of an occupation or profession without proper licensure.

3. Medical Malpractice Pre-litigation

A. Before an individual may file suit in civil court against any licensed health care provider for medical malpractice, the individual must file with the Division for a pre-litigation hearing for the purpose of determining if the facts alleged in the suit are meritorious.

4. Residence Lien Recovery Fund

Protects homeowners from paying twice for construction work. Provides remedy to those who lose income due to unethical contractors.

S.B. 10 Sunset Reauthorizations

Reauthorizes Title 58, Chapter 58, Preneed Funeral Arrangement Act.

S.B. 25 Utah Professional Athletic Commission Act

Repeals the Utah Professional Boxing Regulation Act and establishes the Professional Athletic Commission Act. Removes regulation of boxing and unarmed combat from the Division of Occupational and Professional Licensing and creates an independent Professional Athletic Commission within the Department of Commerce. Authorizes the hiring of a director. Provides for funding of amateur boxing within the state.

S.B. 46 Deception Detection Examiners Licensing Act Amendments

Modifies the exemptions from licensure to include an exemption for peace officers operating a voice stress analyzer with the scope of their employment. Requires training of the officers and compliance with standards as part of the exemption.

S.B. 59 Licensing of Genetic Counselors

Enacts the Genetic Counselor Licensing Act. Defines practice of genetic counseling. Requires a license to practice genetic counseling within the state and establishes requirements for licensure. Provides for exemptions from licensure. Creates a Genetic Counseling Licensing Board. Defines unprofessional and unlawful conduct and provides for discipline against licensees.

S.B. 60 Uniform Athlete Agents Act

Enacts the Uniform Athlete Agents Act. Defines terms. Requires registration of athlete agents and describes the form of the application for registration. Creates requirements for agency contracts including warnings to student-athletes. Requires student-athletes to notify the educational institution where the student is enrolled within 72 hours of signing an agency contract. Allows a student-athlete to cancel an agency contract within 14 days after it is signed. Requires athlete agent to retain records. Prohibits an athlete agent from engaging in certain conduct. Provides for criminal, civil, and administrative remedies.

Total Licensees by Profession (as of 6/30/01)

Acupuncturists	45
Advanced Practice Registered Nurse (4)	888
Alternative Dispute Resolution Providers (3)	39
Architects	1,899
Building Inspectors (2)	481
Burglar Alarm Companies and Agents (2)	1,258
Certified Nurse Midwives (4)	104
Certified Registered Nurse Anesthetists	164
Chiropractic Physicians	716
Contractors (74)	16,021
Controlled Substance Precursor Purchaser/Distributors (2)	5
Cosmetologist/Barbers (3)	20,342
CPA's and CPA Firms (2)	3,938
Deception Detection Examiners (2)	23
Dental Hygienists (2)	1,205
Dentists (4)	2,135
Dietitians	438
Electricians (5)	8,333
Electrologists	182
Engineers (2)	6,479
Environmental Health Scientists (2)	234
Factory Built Housing Dealers	64
Funeral Service (3)	396
Health Care Assistants	8,364
Health Facility Administrators	275
Hearing Instrument Specialists (2)	73
Land Surveyors	637
Landscape Architects	281
Licensed Practical Nurses (2)	3,626
Marriage and Family Therapists (2)	469
Massage Therapists	3,550
Naturopathic Physicians (3)	10

S.B. 104 Mental Health Practice Amendments

Reduces the amount of clinical experience required to qualify as a marriage and family therapist supervisor. Adds professional counselors to the list of therapists who have a limited duty to warn or take precautions to provide protection from violent behavior of a client.

S.B. 132 Veterinary Practice Act Amendments

Provides for a limited exemption from licensure under the Veterinary Practice Act and expands the scope of practice for chiropractic physicians, physical therapists, and massage therapists who provide certain treatments for animals and who meet specified training requirements.

S.B. 192 Division of Occupational and professional Licensure – Repeal of Quality Review Requirements

Repeals peer review, quality review, quality assurance and quality improvement Programs. Includes Utah Optometry Practice Act, Nurse Practice Act, Nurse Midwife Practice Act, Hearing Instrument Specialist Licensing Act, Utah Medical Practice Act, Utah Osteopathic Medical Practice Act, Dentist and Dental Hygienist Practice Act, Physician Assistant Act, and Naturopathic Physician Practice Act.

S.B. 204 Repeal of Licensing Alarm Response Runners

Repeals the licensure requirement for alarm response runners in the Security Personnel Licensing Act.

S.B. 254 Residence Liens Recovery Fund Amendments

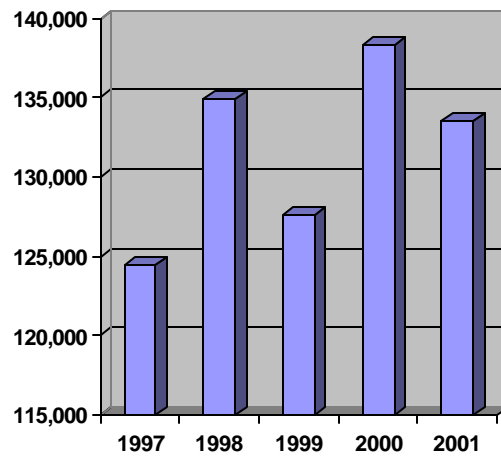
Adds factory built housing to the scope of the Residence Lien Restriction and Lien Recovery Fund Act. Repeals the lifetime cap on recovery from the Fund. Extends the claim-filing deadline. Requires the inclusion of instructions and a form affidavit and motion when serving a complaint on a homeowner. Adds a definition of unlawful conduct to the Construction Trades Licensing Act. Restricts relicensure of a contractor applicant following suspension or revocation of a prior license.

Occupational	
Therapists	531
Optometrists	352
Osteopathic	
Physicians	198
Pharmacists &	
Pharmacies	4,993
Physical	
Therapists	1,250
Physician	
Assistants	387
Physician/	
Surgeons	6,931
Plumbers (4)	3,755
Podiatric	
Physician	163
Preneed Funeral	
Arrangement (2)	348
Private Probation	
Providers	21
Professional	
Counselors (2)	282
Professional Employer	
Organizations	51
Psychologists (2)	725
Radiology Technologists &	
Technicians (2)	1,755
Recreational	
Therapists (3)	713
Registered	
Nurses (2)	17,246
Respiratory Care	
Practitioners	884
Security Companies and	
Personnel (4)	3,804
Shorthand	
Reporters	154
Social Workers (4)	4,733
Speech-Language Pathologists &	
Audiologists (3)	741
Substance Abuse	
Counselors	294
Veterinarians (2)	532

Total: 133,517

(Occupations having multiple licensure classifications are noted in parentheses)

Total Licensees 1997- 2001



Total Licensees

1997 – 124,418

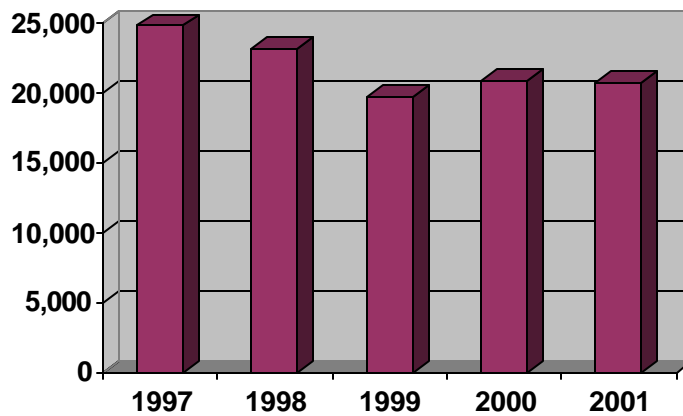
1998 – 134,893

1999 – 127,560

2000 – 138,262

2001 – 133,517

New Applications 1997 - 2001



New Applications

1997 – 24,747

1998 – 23,125

1999 – 19,657

2000 – 20,796

2001 – 20,669

Investigations

<u>Fiscal Year Results</u>	<u>FY97</u>	<u>FY98</u>	<u>FY99</u>	<u>FY00</u>	<u>FY01</u>
Complaints Received	3,791	3,936	4,413	5,776	4,567
Investigations Opened	2,342	2,595	2,859	5,048	3,942
Investigations Completed	2,733	2,743	2,858	2,127	3,409
Formal Administrative Filings	157	175	190	171	208
Criminal Filings - Felonies	42	53	104	58	56
Criminal Filings - Misdemeanors	113	150	138	71	29
Letters of Concern Issued	223	177	155	142	223
Citations Issued	1,335	1,048	979	1,033	1,259
Diversion Referrals Issued	36	17	32	55	28
Fines Collected	\$287,675	\$310,640	\$304,090	\$375,718	\$215,975

Prelitigation

	<u>FY97</u>	<u>FY98</u>	<u>FY99</u>	<u>FY00</u>	<u>FY01</u>
Cases Opened	327	386	354	397	372
Requests Denied	63	51	54	60	104
Hearings Scheduled	306	296	299	279	243
Cases Closed	324	353	381	374	371

Outcome of Prelitigation Cases - FY01

No Merit	160
Dismissed	53
Stipulation	52
Meritorious	34
Split Decision	54
Jurisdiction Problem	17
Undecided	1

Residence Lien Recovery Fund

Totals for FY00

Claims Filed	355
Amount of Claims Filed	\$1,404,552.63
Claims Paid	324
Amount of Claims Paid	\$1,278,774.10
Claims Denied	29

Totals Since Program's Inception

Claims Filed	944
Amount of Claims Filed	\$4,759,224.18
Claims Paid	525
Amount of Claims Paid	\$2,520,006.85
Claims Denied	204
Claims Dismissed	88
Claims in Prolonged Status	44
Claims Pending Prosecutor Review	9
Claims Pending LRF Board Review	9
Claims Pending Claimant Response	78
Claims Pending Division Review	19

Claimant Statistics

Claims Filed by Suppliers	517
Claims Filed by Contractors	393
Claims Filed by Laborers	33

Fund Status

Investment Account Balance (9/20/01)	\$2,281,118.06
Operating Account Balance (9/20/01)	\$400,078.25

Diversion - URAP (Utah Recovery Assistance Program)

FY2001

Committee Meetings Conducted:	54
Diversion Interviews Completed:	462
New Contracts Signed:	28
Files Closed	
- Successfully:	10
- Unsuccessfully Terminated:	6

Clients participating in URAP as of June 30, 2001

Physicians	12
Physician Assistants	1
Podiatrists	1
Pharmacists	6
Pharmacy Technician	1
Dentists	5
Nurses	50
LCSW's	5
CSW	1
Dental Hygienists	1
Veterinarians	2
Physical Therapist	1
Funeral Director	1
Rad Tech	1
Health Care Assistants	2
Total:	90

Controlled Substance Database
Totals for FY2001

Requests for Information	21,848
Cases Initiated from Database Information	81
Pharmacies Now Reporting to the Database	424

Division of Public Utilities

Utility services play a unique role in our society. Unlike most goods and services, utilities are considered essential to the public welfare. The Division of Public Utilities promotes the public interest in utility regulation and works to ensure that all utility customers have access to safe, reliable service at reasonable prices.

Significant changes are occurring within the utility industries. During FY 2001, the number of utilities regulated by the Public Service Commission (PSC) increased 24%, due primarily to thirty new telephone companies receiving certificates to provide local service in Utah.

Utility Growth

Type of Utility	2000	2001	Change
Electric	13	13	0
Natural Gas	3	2	-1
Telecommunications – ILEC	18	21	3
Telecommunications – CLEC	67	97	30
Water and Sewer	35	37	2
Railroads	4	4	0
Total	140	174	34

The Division of Public Utilities is charged with monitoring utility compliance to PSC rules and orders, recommending rate and service levels, and handling customer complaints. During FY 2001, the number of informal complaints from utility customers processed by the Division totaled 2,810 a 26% increase over the previous year.

The Division is the advocate for the safe, efficient and reliable operation of all public utilities within Utah. It promotes the interests of all ratepayers in obtaining reasonable levels of service at the lowest possible cost. Additionally, the Division receives and investigates complaints against utility companies and makes recommendations for corrective action to the Utah Public Service Commission. In this era of deregulation for certain utilities, the Division assists the Commission in establishing the rules of competition. Consumers benefit from deregulation when market power is mitigated and competitive choices are available. The offices of the Division of Public Utilities are at: (801) 530-7622.

Type of Utility	Complaints
Electric	254
Natural Gas	435
Telecom - ILEC	1,170
Telecom - CLEC	656
Telecom - Long Distance	116
Water and Sewer	179
Total	2,810

Telecommunications

The Telecommunications industry is very dynamic and continues to change. The number of customers served by Competitive Local Exchange Carriers (CLECs) continues to increase. Many new providers began to experience financial difficulties and several were forced into bankruptcy. Even so, the total number of CLECs Certificated to operate in Utah increased significantly over last year. The Division's role in telecommunications regulation continues to change as the industry moves to a more competitive model. Although traditional rate regulation continues for some companies, more and more resources are being directed at competitive issues, which include wholesale pricing based on forward-looking economic costs, mediation, rulemaking, and enforcement actions. During the past year, the Division has been involved in numerous difficult issues.

Qwest's price freeze ended on February 18, 2001. The Division was heavily involved in establishing a system of price regulation for Qwest's intrastate services. Price index regulation, which focuses on the maximum prices Qwest may charge for tariffed services rather than on the company's earnings, went into effect this summer. This new system of regulation resulted in a 4% rate reduction for most of the services that Qwest provides. The reductions became effective beginning in August with a retroactive credit back to February 18, 2001.

The 1996 Federal Telecommunications Act prohibited Qwest and other former Bell regional telephone providers from providing interstate long distance services until requirements contained in the Act have been met. The Federal Communications Commission (FCC) determines whether the requirements of the law have been met based in very large part on the recommendation of the State Public Service Commission. The Division, acting as the Commission's staff, has been very heavily involved in several separate investigations to determine if Qwest has met the requirements of the law. We currently expect that the Commission will be able to make a recommendation to the FCC at the end of this year or early in 2002.

During the approval process of the merger of USWEST and Qwest, the Division negotiated a commitment from Qwest to invest \$15 million to make DSL available in rural Utah. The Division and Qwest have negotiated a deployment schedule to make broadband service available in all of Utah's central offices by the fourth quarter of 2002.

The Division has been very active in the development of wholesale rates to be charged to CLEC's for access to Qwest's network. During the past year, the Division filed testimony and recommendations with the Commission on appropriate rates for collocation space and facilities in Qwest central offices. The Division is in the process of developing its recommendation for a whole series of costs and prices for various elements of Qwest's network.

Time of Crisis

During this fiscal year, the Energy Section of the Division of Public Utilities has had to deal with a Western States and National energy crisis of enormous proportions due to natural gas prices and electricity prices reaching record high levels. The Section has been faced with utility requests for increased rates to help them counter these high wholesale prices; and the Section and the utilities have been deeply involved with industrial, commercial, irrigation and residential customers in electricity load curtailment programs to help them get through this costly period. The Section has also worked closely with the Governor's Office as part of his Energy Supply Forum and in development of the March 2001 State Energy Policy.

During this time, the Section participated in 48 docketed electric cases and in 16 docketed natural gas cases including several significant proceedings.

Energy

While each year brings new and challenging telecommunications issues, the Division has plenty of work regulating the traditional utilities in the energy sector. This includes PacifiCorp/Utah Power, Questar Gas Company, the State's nine rural electric cooperatives and one electric service district. The Division also participates in proceedings before the Federal Energy Regulatory Commission involving issues such as wholesale transportation of electricity and natural gas. The Pipeline Safety Group within the Energy Section has the mandate to investigate conditions within the state relative to the safe piping of natural gas.

Electricity

In late November, the Hunter I power generating plant in Emery County, Utah, failed, stopping production of electricity until early May 2001 when it was repaired. PacifiCorp has filed a cost recovery application with the PSC to recover lost power sales revenues of \$103.5 million from Utah ratepayers over a twelve-month period of time. In December, PacifiCorp filed an application with the PSC for approval to implement a total corporate restructuring. This proposal would result in a generation company, a transmission company, a service company, and six individual electric distribution companies. The Energy Section has been and continues to investigate these critical projects for which PSC resolution will come in the next fiscal year.

In January, PacifiCorp filed for a rate increase of \$142 million, much of which was to recover its purchases of power for Utah customers in the very costly wholesale market of the year 2000. In February, the PSC authorized an interim rate increase of \$70 million subject to investigation and hearings. The Division filed testimony in June. The Division, the Consumer Committee and the Company reached a stipulation in July settling over a 100 issues, which the PSC approved. The PSC issued an order in September approving a \$40.5 rate increase. A final rate determination for customer classes is expected this fall.

Pipeline Safety

The Pipeline Safety Group derives its authority from federal statutes, which have been adopted by the State of Utah. The group has the mandate to investigate conditions within the State relative to piping of natural gas. Pipeline safety works with leading major local natural gas distribution companies within the state such as Questar Gas and Utah Gas Services as well as municipal operators. In addition, several hundred small gas system operators, which purchase gas from a distribution company and further distribute it within their facilities fall under the group's jurisdiction. The group is responsible for determining the state of these small gas systems and working with the operators to assure that the systems are either inherently safe or that some protection measures are installed to assure their safety against leaks.

Natural Gas

The rates of Questar Gas Company increased an alarming 45%, for the typical residential customer, during the fiscal year due to increases in the cost of natural gas being purchased by the Company for Utah customers. To help avoid similar occurrences in the future, the Division of Public Utilities, the Committee of Consumer Services and Questar Gas Company negotiated a stipulation whereby rate stability would be added to the factors of reliability and price in making future gas purchase decisions. The Public Service Commission adopted the stipulation.

Pipeline safety personnel conduct in-depth inspections of the natural gas distribution companies and municipal operators on an annual basis. These inspections assure that company and municipal utility procedures and operations are consistent with federal regulations for safe operation of natural gas systems.

Since the PSC regulations for pipeline safety were changed in 1996 to include jurisdiction over schools, hospitals, and other high-risk facilities, pipeline safety personnel have initiated programs at most of the school districts in Utah to correct any safety-related issues with natural gas piping. Most of this work has now been completed, particularly in the larger school districts where the risk is greatest. During the past year, pipeline safety personnel have also audited the condition of the piping associated with over 200 hospitals and nursing homes within the state and have begun contacting those sites identified in the audit as having a high risk profile to assure that measures are implemented to render these systems safe.

Contacts with over 125 apartment complexes in FY 2001 have resulted in changes to more than 25 gas systems, which were found to be in deficient in safety of gas piping. Similar changes are in progress at many more of these facilities.

Results of federal inspections of our work consistently place us in the highest tier of federal performance criteria, which translates into Utah receiving the maximum amount of funds available through the federal pipeline safety program.

In February, Questar Gas petitioned the PSC to purchase Utah Gas Service, a natural gas company serving parts of Eastern Utah. After four months of review by the Division and other parties, a stipulation agreement was reached and in early July 2001 the PSC approved the acquisition of Utah Gas Service utility operations by Questar Gas. The acquisition requires that the customers living in the acquired service area pay higher rates for the earlier of (1) the next general rate case or (2) six years, rather than the ten years requested by the Company.

Division of Real Estate

The Utah Division of Real Estate provides public protection in the real estate marketplace through the education, licensure, and regulation of real estate brokers, sales agents and appraisers; the registration and regulation of residential mortgage lenders; and the registration of subdivisions, time share developments, and camp resorts, and their salespersons.

As of June 30, 2001 Utah had 14,762 real estate licensees, 999 appraiser licensees and residential mortgage lender individuals numbering 813 and entities numbering 414.

EDUCATION

The Division is charged with certifying courses and providers of prelicensing education, and certifying continuing education courses and providers. During the past calendar year 25 education programs have been certified, 296 continuing education classes were certified, 31 prelicensing real estate instructors were certified, 22 appraiser instructors were certified, and 168 real estate continuing education instructors were certified.

The Division also provides courses and information directly to the licensees involved in the real estate and appraising industries. During the last fiscal year the Division published 7 separate issues of newsletters mailed to licensees, and prepared a professionally produced video course, which is referred to as the "Core Course." Every real estate licensee is required to view the video at least once every two years.

The Division sponsored an Instructor Development Workshop, to which all real estate and appraiser instructors were invited. The workshop was a two-day activity, and included presentations by nationally renowned real estate educators.

The Division focuses on four main areas of responsibility:

1. Licensure (or registration or certification)

a. Establish standards and qualifications for licensure within the real estate professions.

b. Establish and maintain a system through which an individual may qualify and apply for licensure.

c. Ensure that licensees comply with requirements of the profession.

2. Enforcement

a. Investigate allegations of unlawful, unethical or unprofessional conduct by licensees.

b. Initiate administrative action against an individual's license, if allegations are verified.

c. Like other units within the Department, the Real Estate Division can initiate administrative action against an individual's license, if allegations are verified. The Division can initiate administrative or criminal action against an individual who is engaged in the practice of a profession without proper licensure.

3. Education

The Division provides ongoing education to the real estate community and the public on the most recent rules governing the industry, as well as issues that affect consumer and the public. The Division's primary duty is to protect the public.

4. Subdivision / Timeshare registration.

The Division is charged with administering prelicensing examinations for real estate licensees and for appraisers. (There is currently no examination requirement for mortgage brokers). During the past fiscal year 2,338 real estate agent exams were given, 226 broker exams were given and 335 appraiser exams were given; 67 for Licensed Appraiser candidates, 163 for Certified Residential Appraiser candidates, and 76 for Certified General Appraiser candidates.

The Division of Real Estate can be reached by calling 801-530-6747, by Fax at 801-530-6749 or by emailing us at realest@commerce.utah.gov. Our website is located at www.commerce.utah.gov.

ENFORCEMENT

One of the major challenges of the Division of Real Estate is protecting the public through the enforcement of real estate, appraiser, and mortgage lender law, rules and regulations.

The enforcement staff of the Division is responsible for reviewing each complaint received and making an initial determination as to whether or not there appears to be a violation of real estate licensing law or alleged regulations. If the answer is affirmative, the case is assigned for investigation to an investigator or auditor trained and experienced in the relevant subject matter. If the results of the investigation determine that there has been no violation of licensing law or regulation, the case is dismissed. On the other hand, if there is evidence of a violation of law or regulation, the case is prosecuted through a formal or informal hearing before the applicable licensing board or commission.

During the past fiscal year, the Enforcement Section responded to a substantial increase in the incidence of residential mortgage loan fraud. Through the Division's investigative efforts, numerous appraisers who were involved in fraudulent loan transactions either had their licenses revoked or surrendered their licenses to the Division in lieu of revocation.

Statutory Elimination of Registered Appraiser Classification

In the year 2000, the Division of Real Estate and the Appraiser Board worked with the Utah Legislature to Substantially amend the statute that governs how an individual becomes licensed or certified as an appraiser in Utah. The amendment was enacted in order to comply with federal regulatory requirements. This year the amendment came into effect. Specifically, the amendment eliminated the classification of "Registered Appraiser" as of May 2, 2001. This generated well over 125 applications for the remaining classifications of Licensed Appraiser or Certified Appraiser.

REGULATING A NEW INDUSTRY

The Division also had a large surge of work that resulted from another change in its governing statutes. In 2000, the Utah Residential Mortgage Practices Act was enacted, requiring all persons engaged in the business of residential mortgage lending in the state of Utah to register with the Division in order to conduct business. Individuals were required to register by September 1, 2000. Entities (companies) were required to register by July 1, 2001. The entity deadline triggered numerous individuals into registering who had not, but should have, registered before. The process of registering a new industry presented several complex questions about bonds, applications, and fingerprint and background checks.

SUMMARY

The Utah Division of Real Estate continues to work toward improving the quality of service rendered to the public, the licensees it regulates, and the applicants for such licenses. Our goal is to protect the public, while being responsive to licensees and applicants.

Complaints and Investigations Fiscal Year 2001			
Written Complaints Received		Investigations Completed, Pending Review by Attorney General	
Real Estate	180	Real Estate	39
Appraiser	150	Appraiser	13
Complaints Accepted for Investigation		Investigations Completed, Pending Review by Division of Real Estate	
Real Estate	116	Real Estate	49
Appraiser	109	Appraiser	26
Closed Cases (licensing/renewal)		Total Open Cases	
Real Estate	74	Real Estate	327
Appraiser	27	Appraiser	272
		Active Investigations	
		Real Estate	221
		Appraisers	219

LICENSES ISSUED	
FY 01	
<u>Real Estate</u>	
Registered real estate companies	1808
Registered real estate property management companies	71
Real estate branch offices	105
Principal brokers	1889
Branch brokers	105
Associate brokers	982
Sales agents	7718
Inactive principal brokers and sales agents	4033
Suspended sales agents	2
Total	14762
<u>Appraisers</u>	
Registered (493 at statutory expiration of "Registered" status on May 2, 2001)	0
Licensed	64
Certified Residential	580
Certified General	355
Total	999
<u>Mortgage Brokers</u>	
Individuals	813
Entities	414
Total	1227

TOTAL LICENSES				
FY 98-01				
1861	2177	1781	999	Appraisers
14244	14459	14624	14762	Real Estate
0	0	0	1227	Mortgage Brokers
FY 98	FY 99	FY 00	FY 01	

Division of Securities

During the past year the securities industry experienced large deviations in market values. Fraudulent practices in the securities industry are sometimes masked during increasing markets, only to be exposed during market downturns. This became evident to the Division of Securities during the second half of this past year. Investors had become accustomed to large returns in short periods of time, which made fraudulent sales pitches seem more believable.

In dealing with these types of problems, the Division of Securities continued its strong enforcement program. During the past year, the Division's investigations resulted in 35 felony criminal filings and 15 felony convictions with many more cases in the process. The Division nearly doubled the number of administrative cases filed. The Division recovered or obtained recovery orders representing more than **\$7 million** of investor losses.

While the markets were declining, the number of stockbrokers licensed in Utah actually increased **11%** and the total number of licenses of all categories increased by **12%**. The Division of Securities issued **99,910 licenses** of which **94,715 licenses were for broker-dealer agents, otherwise known as stockbrokers**. The vast majority of these licensees are not residents of the state. Rather, about 90% of the State's licensed stockbrokers live on the East Coast. While the Division saw significant growth in the number of licensees, the rate at which new applications were filed with the Division did tend to slow down toward the end of the year.

The states and the US Securities and Exchange Commission unveiled a new electronic filing and public disclosure computer system for investment advisers and their representatives called the Investment Adviser Registration Depository (IARD). The IARD supplements the Central Registration Depository (CRD) which has been in place for more than 20 years (and transitioned to the Internet in 1999) for broker-dealers and broker-dealer agents. The Division is in the process of transitioning investment advisers to this new system. In addition, the Division of Securities now has all of its remaining public databases available over the Internet. This includes information about securities filings, investment advisers, investment adviser representatives, issuer agents, and administrative actions. As part of the Division's Internet database, the Division has made available images of all interpretative opinions, no-action letters and all pleadings filed in administrative actions.

The Division continues to be involved in providing investor education opportunities. In addition to working with the Utah Council on Economic Education and co-sponsoring the Stock Market Game for Utah's junior high and high school students, the Division made many public presentations and distributed hundreds of pieces of educational material.



UTAH DIVISION OF SECURITIES
STATISTICS

<u>Enforcement</u>	<u>FY 96</u>	<u>FY 97</u>	<u>FY 98</u>	<u>FY 99</u>	<u>FY 00</u>	<u>FY 01</u>
Complaints Received	233	161	183	206	106	110
Cases Opened	82	86	102	136	112	89
Cases Closed	45	77	103	160	66	73
Administrative Cases						
Cases Filed	20	21	55	37	80	155
Orders to Show Cause	2	2	5	15	25	29
Cease and Desist Orders	1	0	6	5	11	3
Stipulated Settlements	8	8	11	18	22	47
Denials and Revocations	3	7	31	3	14	29
Civil Cases						
Lawsuits filed	0	2	0	0	1	0
Judgments	0	1	0	1	0	1
Criminal Cases						
Criminal Charges Filed	10	18	18	24	50	35
Convictions	3	6	16	23	28	15
Audits	35	40	44	31	20	32
Fines Paid	\$140,465	\$128,850	\$201,650	\$181,026	\$241,200	\$155,620
Funds Recovered or Ordered	\$2,089,034	\$3,818,226	\$3,155,659	\$11,467,399	\$4,256,132	\$7,189,526

<u>Licenses</u>	<u>FY 96</u>	<u>FY 97</u>	<u>FY 98</u>	<u>FY 99</u>	<u>FY 00</u>	<u>FY 01</u>
Broker-Dealers	1,337	1,465	1,641	1,703	1,878	2,304
Broker-Dealer Agents	48,534	57,353	65,838	70,482	84,623	94,715
Investment Advisers	475	102	121	116	121	142
Federal Covered Advisers	0	253	425	428	456	525
I/A Representatives	4,484	5,164	3,326	1,953	1,683	1,937
Certified Dealers	19	16	14	19	21	22
Certified Dealer Agents	94	86	79	88	82	96
Issuer Agents	84	87	93	107	130	169
Total	55,028	64,635	71,496	74,902	88,994	99,910

<u>Securities Filings</u>	<u>FY 96</u>	<u>FY 97</u>	<u>FY 98</u>	<u>FY 99</u>	<u>FY 00</u>	<u>FY 01</u>
Registrations						
Coordination	391	290	212	134	148	125
Qualification	2	3	9	5	8	3
Exemptions	489	321	281	223	191	86
Opinion/No-Action Letters	12	14	8	12	6	12
Mutual Funds	3,286	3,610	3,942	3,951	4,215	4,413
Rule 506	*	149	281	327	508	484
Total	4,180	4,387	4,733	4,652	5,076	5,123

@ Prior to FY97, federal covered advisers were investment advisers.

* Prior to FY 97, rule 506 filings were counted under exemptions.